

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
NEW ALBANY DIVISION

IN RE:) Chapter 7
)
EASTERN LIVESTOCK CO., LLC,) Case No. 10-93904-BHL-11
)
Debtor.) Hon. Basil H. Lorch III

**MOTION TO APPROVE COMPROMISE AND SETTLEMENT
WITH BACA COUNTY FEEDYARD**

Pursuant to Federal Rule of Bankruptcy Procedure 9019, James A. Knauer, as chapter 11 trustee (the "Trustee") for the debtor, Eastern Livestock Co., LLC (the "Debtor"), by counsel, hereby files this motion (the "Settlement Motion") requesting the Court's approval of a compromise and settlement of claims between the Trustee and Baca County Feedyard ("Baca").

In support of this Settlement Motion, the Trustee states as follows:

Introduction and Background

1. Certain petitioning creditors commenced the above-captioned chapter 11 case (the "Chapter 11 Case") against the Debtor on December 6, 2010 by filing an involuntary petition for relief under chapter 11 of title 11 of the United States Code. This Court entered the Order For Relief in An Involuntary Case and Order to Complete Filing [Dock. No. 110] on December 28, 2010.

2. On December 27, 2010, the Court entered the Order Approving the Appointment of James A. Knauer as Chapter 11 Trustee [Dock. No. 102], approving the United States Trustee's Application for an Order Approving the Appointment of James A. Knauer as Chapter 11 Trustee [Dock. No. 98] pursuant to 11 U.S.C. § 1104.

3. Based on his investigation, the Trustee has concluded that Baca owes the Debtor \$1,091,660.00 on account of the Debtor's prepetition delivery of cattle to Baca and as evidenced by the Debtor's invoice numbers 13304489, 13304529, 13305108, 13312092, 13315669, 14314174, 14314264, 14314468, 31310508, 31310834, 31310866, 31310867, 31310872, 31310911, 31310925, 31312156, 31312157, 31314313, 31314517, 31314645, and 31314667. Baca disputes the amount of the Trustee's claims and further asserts that it is entitled to set-off the amount of \$398,565.77 (the "Set-off Amount") based on its prepetition delivery of cattle to the Debtor for which Baca remains unpaid. Baca has remitted to the Trustee the sum of \$693,094.23 (the "Settlement Amount"), as settlement of the closing by and between the Trustee and Baca, subject to the entry of a final order approving this Settlement Motion (the "Settlement Order").

The Settlement

4. The Trustee requests that the Court approve the Settlement Agreement and Mutual Release attached hereto as Exhibit A to this Settlement Motion (the "Settlement Agreement"). Pursuant to the Settlement Agreement, Baca paid the amount of \$693,094.23 (the "Settlement Amount") to the Trustee. The Trustee is holding the Settlement Amount in his escrow account until and subject to the Court's entry of the Settlement Order. Upon the Court's entry of the Settlement Order, the Settlement Amount will be released to the Trustee's general operating account in full satisfaction of the claims by and between the Trustee and Baca.

Basis for Relief

5. Pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), this Court has authority to approve a compromise or settlement on motion made by the Trustee after notice and opportunity for a hearing.

6. Under Bankruptcy Rule 9019, a bankruptcy court should approve a proposed compromise if it is fair and equitable and in the best interests of the estate. See In re Doctors Hosp. of Hyde Park, Inc., 474 F.3d 421, 426 (7th Cir. 2007); Depoister v. Mary M. Holloway Found., 36 F.3d 582, 586 (7th Cir. 1994); Matter of Energy Co-op, Inc. 886 F.2d 921, 927 (7th Cir. 1989).

7. The Trustee believes that the compromise and settlement reflected in the proposed Settlement Agreement is fair and equitable and in the best interests of the estate. The alternative to the settlement is litigation of the claims between the Debtor and Baca which would result in expenses and delay and create the possibility of an outcome that would result in a smaller recovery to the estate.

8. The Trustee requests the Court to specify in the Settlement Order that the Settlement Amount shall be deposited into the Debtor's general operating account, subject to any order governing the use of cash collateral by the Trustee.

9. If no objections to this Settlement Motion are filed, the Parties request that the Court enter the Settlement Order approving the Settlement Agreement. If any objections to this Settlement Motion are filed, the Parties request that this Settlement Motion and any timely filed objection be scheduled for hearing by the Court on the earliest date that is available and convenient to the Court.

WHEREFORE, the Trustee respectfully requests that the Court enter a Settlement Order approving the Settlement Agreement attached hereto as Exhibit A and grant the Trustee all other just and proper relief.

Respectfully submitted,

FAEGRE BAKER DANIELS LLP

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CERTIFICATE OF SERVICE

I hereby certify that on November 8, 2012, a copy of the foregoing pleading was filed electronically. Notice of this filing will be sent to the following parties through the Court's Electronic Case Filing System. Parties may access this filing through the Court's system.

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